

Dear Mr Bolten

I would like to express my serious concerns about the prospect for extension of the current Dairy Promotion and Research Assessment to imported dairy products in the framework of the 2007 Farm Bill.

I have noted that the House version of the 2007 Farm Bill includes policy provisions enabling the collection of research and promotion assessments on imported dairy products, as called for in the 2002 Farm Bill but, finally, not implemented for other WTO concerns.

I was surprised to learn that extending the dairy assessment to Hawaii, Alaska and Puerto Rico is presented in the US as a way to implement the 2002 Farm Bill proposal in a WTO compliant fashion. Indeed, according to the information provided to us by EU industry and by US dairy importers associations, the proposed measure is unfair and would, if adopted, discriminate against imported products.

The European Commission and the EU dairy industry maintain that taxing imported products to fund domestic promotion from which they cannot benefit in the same way and level as domestic products is intrinsically unfair and raised important WTO compliance concerns.

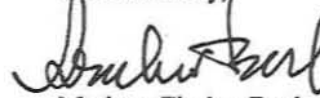
As presented, the proposal will operate to provide less favourable treatment to imported dairy products than it is provided to like domestic products. For instance, while importers seem to be required to pay the same amount per hundredweight as domestic producers (15 US cents), in fact, domestic products would have the option of paying a portion of this amount (10 US cents) to other qualified promotion programs.

Furthermore, the proceeds of the dairy assessment are spent in such a way that domestic production is afforded protection: Most of the Program's advertising budget is used to promote cheese and fluid milk, yet there are no imports of fluid milk and EU access to the US cheese market is constrained by tariff rate quotas. In the same line, it is discriminatory to impose a tax on imported dairy-derived ingredients that are used in the manufacture of food products that are not marketed and sold as dairy products.

As a consequence, I totally share the EU industry important concerns regarding the implication of the measure for the United States' commitments under the WTO Agreements. These concerns have being raised not only by EU industry but also by several other partners as well as within the US domestic dairy industry.

Eager to prevent any new trade irritant in US-EU relations, I strongly urge you to make sure that the proposed extension of the assessment to imported dairy products will not be put into place.

Yours sincerely,



Mariann Fischer Boel

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